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O

ATTEN : Chief of Mission, [redacted]  
 Chief, [redacted]

14 July 1953

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## Audit

Your memorandum [redacted], dated 26 June.  
 Your letters of 1 July and 8 July.

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1. Referenced memorandum reached us on July 8 and had the prompt attention of this office, but after necessary coordination it was not until today that we were able to send our cable No. DIR 11765. You will have noted from this message that we have been able to increase the [redacted] to provide for one administrative clerk, GS-7, and that the position is to be filled from [redacted] headquarters surplus staff or, failing this, by prompt dispatch of a suitable person from here. I must report, however, that at least for the present there is a freeze on personnel and in upping by one our T/O for [redacted] it had to be "clearly understood that this position must be absorbed within the personnel ceiling which is finally authorized after the Director's discussions with the House Appropriations Committee and others, as appropriate."

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Our cable No. DIR 11240 of 9 July advised you that an additional auditor will be sent to [redacted] as soon as he has completed necessary medical and other formalities.

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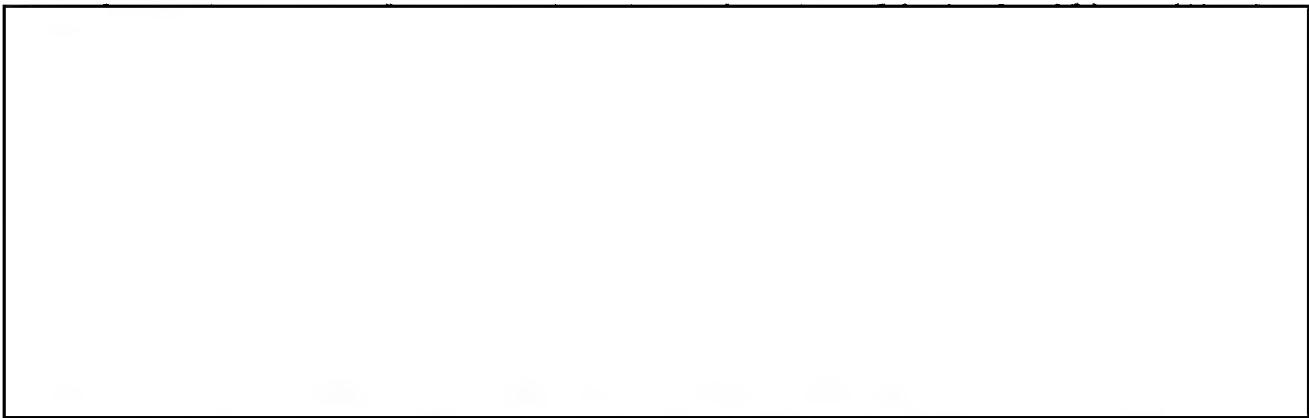
The situation concerning personnel also has a bearing on your plans for the audit staff of [redacted] and it is doubtful if we can immediately meet the tentative T/O, calling for five auditors and one administrative clerk. You know, however, that we already have on deck one auditor scheduled to go to the FK and we have now arranged that he take his sheets immediately, so that he can be dispatched on short notice. We will also endeavor to take on those employees now in the mill for the auditing staff, but unless and until the situation changes they will be taken on under the conditions cited above.

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2. The Auditor's staff is also short of its T/O and probably will remain so until the freeze is lifted—if it is. This is extremely unfortunate. The Audit Office is still far behind on the project auditing so essential to proper control, and in these circumstances I have done what I can to urge that in any reallocation of personnel provision be made for this primary requirement. As you well know, large sums of money are expended through project channels and if it is

ever a question of which should come first it seems far more important that these expenditures be properly controlled than that we embark further upon new and uncharted seas.

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4. About two weeks ago the Deputy Controller, the Chief Auditor and I had lunch with the principal of the local firm of auditors heretofore employed by us and we spent most of the afternoon in discussing an arrangement whereby his firm would employ on our behalf a nucleus of auditors to be used in (a) setting up systems for projects, (b) auditing projects, and (c) as a pool to provide accountants to projects. The Deputy Controller and I met with our friend again yesterday and we are agreed that such a plan has great possibilities, but the more it is discussed the more I am convinced that we must go into it very carefully, after study from every angle. I am sure that nothing will transpire immediately, possibly not before you return, but should we reach any early conclusions I will keep you posted.

5. I was glad to learn from yours of 1 July that you have sent a dispatch to the Director concerning the lack of uniformity in the allotment system, especially where KUFI&E is concerned. In our endeavor to standardize the book-keeping and audit of projects I have had several talks with the budget officer concerned, who tells me that he also has presented to the higher authorities proposals designed to correct this situation, and while I have not seen your recommendations I am confident that they will give a boost to his. It is one of the several situations needing attention.

6. I am sorry to tell you that there is every prospect that we are to be moved from our present pleasant offices. Currently it appears that the present occupants of your room and the adjoining rooms are to be moved en bloc to the building about two blocks east, and the best I can say for the move is that it may give us more space and that [redacted] personally has instructed the individual in charge of such matters to provide you with the best quarters available under the circumstances. What these may be is not clear.

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